

EXHIBIT C

Travelers Indemnity Company
Aetna Casualty and Surety Company
Members of TravelersGroup

W. Douglas Willett
Senior Vice President
Human Resources

April, 1996

Dear Travelers/Aetna Property Casualty Corp. Colleague:

Welcome to Travelers/Aetna Property Casualty Corp. Enclosed is the first edition of The Travelers Indemnity Company and The Aetna Casualty and Surety Company Employee Handbook, which is effective April, 1996. This handbook applies to all employees of The Travelers Indemnity Company and The Aetna Casualty and Surety Company and their subsidiaries.

Transferred former Aetna employees will retain certain benefits that will differ from what is printed in this handbook. This handbook does not supersede any benefits for transferred former Aetna employees, governed by the Sale. See the Benefits Guide for transferred former Aetna employees for a listing of these benefits.

For the most part, we have adopted the policies of the Travelers Indemnity Company. For former Travelers employees, as you peruse the handbook, you will note that some policies have been added and/or modified. They are listed below for your reference.

- **Arbitration Policy**, modified in several areas to update the policy. Important changes were made in the scope of the policy, rules and procedures, scope of relief and time period. Please review carefully and call your Human Resources Representative with any questions.
- **Dispute Resolution Procedure**, modified with minor changes.
- **Education Reimbursement**, modified to include specifics on policy that was previously communicated 4/1/95.
- **Floating Holidays**, modified with minor changes.
- **FMLA**, modified with minor changes.
- **Funeral Leave**, modified to expand coverage of "family members".

**The Travelers Indemnity Company
The Aetna Casualty and Surety Company**

**EMPLOYEE
HANDBOOK**

Home and Field

April, 1996

Appendix "B"

Travelers Internal Dispute Resolution Procedure

Travelers is committed to fair and equitable employment practices. We recognize that misunderstandings or conflicts can and do arise in the course of daily business relationships. While most situations resolve themselves naturally, there are times when an employee may wish to seek review of an employment-related action or decision. The Dispute Resolution Procedure is an impartial process by which employees may request resolution of any employment-related concern.

■ Step 1

Employees are encouraged to first discuss informally any concern they have with their immediate manager prior to initiating a formal review. However, if this discussion is not successful from the employee's point of view, the concern should be submitted in writing within thirty (30) calendar days of the incident to their manager with a copy to their Human Resources Representative. The manager has twenty (20) working days to investigate the claim and respond to the employee in writing.

■ Step 2

If the employee is not satisfied with the response in Step 1, he/she may submit an appeal to the next level manager within ten (10) working days of receiving an answer from Step 1, with a copy to the Human Resources Representative. A written response is given to the employee within twenty (20) working days after the discussion.

■ Step 3

If the employee is not satisfied with the response in Step 2, he/she may submit an appeal to the appropriate Senior Manager in the business unit within ten (10) working days of receiving an answer from step 2, with a copy to the Senior Human Resources Manager in the business unit. The Senior Manager will consult with the Senior Human Resources Manager. At the conclusion of this step, the parties shall agree that all facts, evidence, information, etc. relating to the dispute have been brought forward. The Senior Manager shall issue a written response to the employee within twenty (20) working days after the discussion.

■ **Step 4**

If the employee is not satisfied with the response in Step 3, he/she may submit an appeal to the Senior Vice President, Human Resources, Travelers/Aetna Property Casualty Corp. within ten (10) working days of receiving an answer from Step 3.

The employee will receive a written response within twenty (20) working days from receipt of the appeal. This step is the final level of appeal in the internal Dispute Resolution Procedure.

If the dispute is still not resolved, the employee is entitled to request arbitration in accordance with Travelers Group Employment Arbitration Policy.

■ **Termination**

An employee may appeal a termination within thirty (30) calendar days. The appeal will automatically progress to Step 3 of the process.

■ **Field Operations**

At times it may be impractical to arrange face-to-face meetings within the specified time limits of the program. In these circumstances, the Employee Relations Unit may make modifications to the process as necessary and appropriate.

■ **Exceptions**

The existing procedures for reporting alleged incidents of sex discrimination (including sexual harassment), racial discrimination, age discrimination, disability discrimination and other illegal forms of discrimination will remain in place to provide the maximum confidentiality and privacy. Such complaints may be raised directly to the department Human Resources Representative or to Employee Relations at (860) 277-5582.

■ **Summary**

This internal Dispute Resolution Procedure is a sequential process which stops whenever the individual bringing forward a perceived problem accepts a decision at one of the interim steps. Decisions concerning terminations, promotions and disciplinary actions are typical types of issues raised. This process ensures prompt, confidential resolution of such issues. Employees who wish to avail themselves of the process will not be subject to any retaliatory action by management. **NO DISCIPLINARY ACTION OR OTHER MANAGEMENT DECISION WILL BE POSTPONED AS A RESULT OF THE PRESENTATION OF A DISPUTE BY THE EMPLOYEE.**

Manager levels and titles will be clarified by your individual operating unit.

TRAVELERS GROUP

EMPLOYMENT ARBITRATION POLICY

A. STATEMENT OF INTENT

Travelers Group and its affiliates (referred to collectively as "Travelers Group") value each of its employees and look forward to good relations with, and among, all employees. Occasionally, however, disagreements may arise between an individual employee and Travelers Group, or between employees in a context that involves Travelers Group. Travelers Group believes that the resolution of such disagreements will be best accomplished by internal dispute review and, where that fails, by arbitration conducted under the auspices of the American Arbitration Association. For these reasons, Travelers Group has adopted this Employment Arbitration Policy ("the Policy"). The Policy applies to all persons employed by Travelers Group on the date of its adoption (September 1, 1992) and all employees joining Travelers Group after that date.

This Policy does not constitute a guarantee that your employment will continue for any specified period of time or end only under certain conditions. Employment at Travelers Group is a voluntary relationship for no definite period of time, and nothing in this Policy or any other company document constitutes an express or implied contract of employment for any definite period of time. This policy does not constitute, nor should be construed to constitute, a waiver by the Travelers Group of its rights under the "Employment-at-will" doctrine; nor does it afford an employee or former employee any rights or remedies that the employee or former employee does not otherwise have under applicable law.

B. SCOPE OF THE POLICY

The Policy makes arbitration the required, and exclusive, forum for the resolution of all employment disputes based on legally protected rights (i.e., statutory, contractual or common law rights) that may arise between an employee or former employee and the Travelers Group or its affiliates, officers, directors, employees and agents (and which are not resolved by the internal dispute resolution procedure), including claims, demands or actions under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, the Age Discrimination in Employment Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act, the Employee Retirement Income Security Act of 1974, and all amendments thereto, and any other federal, state or local statute, regulation or common law doctrine, regarding employment discrimination, conditions of employment or termination of employment. The Policy does not require that Travelers Group institute arbitration nor is it required to follow the steps of the dispute resolution procedure before taking disciplinary action of any kind, including termination;

however, if an employee disagrees with any such disciplinary action, and believes that such action violated his or her legally protected rights, he or she may institute proceedings in accordance with the Policy.

C. ARBITRATION RULES AND PROCEDURES

The following rules and procedures are based on, and largely incorporate, the Employment Dispute Resolution Rules of the American Arbitration Association ("AAA"). Travelers Group has modified and expanded these rules and procedures in certain respects. In particular, provisions regarding fees and costs have been modified to provide that many of the costs typically shared by the parties will be borne by Travelers Group. In addition, provisions permitting limited discovery have been added to insure equal access to relevant information.

1. Initiation of Arbitration Proceeding

Arbitration may be initiated by a written demand for arbitration submitted to the Senior Vice President, Human Resources, Travelers Group together with a check payable to the AAA for the requisite administrative fee as provided in the AAA's fee schedule. The fee schedule is available from the Human Resources Department. Employees, however, whose total compensation for the previous calendar year was \$150,000 or less (or former employees whose total compensation for the last calendar year they were a Travelers Group employee was \$150,000 or less) need only submit a check for \$50 payable to the Travelers Group. The demand shall set forth the claim, including the alleged act or omission at issue and the names of all persons involved in the act or omission. Within ten (10) business days of receiving such demand, Travelers Group shall file the demand with the appropriate office of the AAA, together with the applicable administrative fee as provided in the AAA's fee schedule. The employee or former employee will be required to sign a submission agreement.

2. Appointment of Neutral Arbitrator

The AAA shall appoint one neutral arbitrator from its Panel of Arbitrators, unless one party requests that a panel of three (3) arbitrators be appointed. In the event a panel of arbitrators is appointed, all decisions of the panel must be by a majority and the use of the word "arbitrator" in these Rules shall refer to the panel.

The arbitrator shall be appointed in the following manner:

- (a) immediately after the filing of the demand, the AAA shall submit to each party an identical list of proposed arbitrators;
- (b) each party shall then have ten (10) business days from the mailing date of the list to cross off any names to which the party objects, number the remaining names in order of preference and return the list to the AAA;

(c) if the party does not return the list within the time specified, all persons on the list shall be deemed acceptable; and

(d) the AAA shall invite arbitrators remaining on the list in the order of preference, to the extent the order of preference of the parties can be reconciled by the AAA.

In the event the parties fail to agree on any of the persons named, or if an acceptable arbitrator is unwilling to act, the AAA may issue additional lists or, at its option, make the appointment from among other members of its panel of arbitrators without submitting additional lists.

3. Qualifications of Neutral Arbitrator

No person shall serve as a neutral arbitrator in any matter in which that person has any financial or personal interest in the result of the proceeding. Prior to accepting appointment, the prospective arbitrator shall disclose any circumstance likely to prevent a prompt hearing or to create a presumption of bias. Upon receipt of such information, the AAA will either replace that person or communicate the information to the parties for comment. Thereafter, the AAA may disqualify that person and its decision shall be conclusive. Vacancies shall be filled in accordance with Rule number 2.

4. Vacancies

The AAA is authorized to substitute another arbitrator if a vacancy occurs or if an appointed arbitrator is unable to serve promptly.

5. Date, Time and Place of Hearing

The arbitrator shall set the date, time and place of the hearing, notice of which must be given to the parties by the AAA at least ten days in advance, unless the parties agree otherwise.

6. Representation

Any party may be represented by an attorney, a non-supervisory co-worker or by him or her self. If an employee or former employee chooses not to be represented by an attorney, Travelers Group shall waive its right to be represented by an attorney unless such person is or was licensed to practice law in any jurisdiction in the United States.

7. Attendance at Hearing

The arbitrator shall maintain the privacy of the hearings unless the law provides to the contrary. Any person having a direct interest in the arbitration is entitled to attend hearings. The arbitrator shall otherwise have the power to require the exclusion of any witness, other than a party or other essential person, during the testimony of any other witness. The arbitrator shall determine whether any other person may attend the hearing.

8. Postponement

The arbitrator, for good cause shown, may postpone any hearing upon the request of a party or upon the arbitrator's own initiative, and shall also grant such postponement when all of the parties agree thereto.

9. Oaths

Before proceeding with the first hearing, each arbitrator may take an oath of office and, if required by law, shall do so. The arbitrator may require witnesses to testify under oath administered by any duly qualified person and, if it is required by law or requested by any party, shall do so.

10. Stenographic Record

There shall be no stenographic record of these proceedings unless either party requests it. In the event a party requests a stenographic record, that party shall bear the cost of such a record. If both parties request a stenographic record, the cost shall be borne equally by the parties.

11. Proceedings

The hearings shall be conducted by the arbitrator in whatever manner will most expeditiously permit full presentation of the evidence and arguments of the parties. Normally, the hearing shall be completed within one day. In unusual circumstances and for good cause shown, the arbitrator may schedule an additional hearing to be held within five business days.

12. Arbitration in the Absence of a Party

Unless the law provides to the contrary, the arbitration may proceed in the absence of any party or representative who, after due notice, fails to be present or fails to obtain a postponement. An award shall not be made solely on the default of a party. The arbitrator shall require the party who is present to submit such evidence as the arbitrator may require for the making of the award.

13. Discovery

Each party shall be entitled to propound and serve upon the other party one set of interrogatories in a form consistent with the Federal Rules of Civil Procedure and which shall be limited to the identification of potential witnesses. Each party shall be entitled to propound and serve upon the other one set of Requests for the Production of Documents in a form consistent with the Federal Rules of Civil Procedure and which shall be limited in number to twenty-five (25) Requests (including sub-parts, which shall be counted separately).

14. Evidence

The arbitrator shall be the judge of the relevance and materiality of the evidence offered, and conformity to legal rules of evidence shall not be necessary.

15. Evidence by Affidavit and Filing of Documents

The arbitrator may receive and consider the evidence of witnesses by affidavit, but shall give it only such weight as the arbitrator deems it entitled to after consideration of any objection made to its admission. All documents to be considered by the arbitrator shall be filed at the hearing. There shall be no post-hearing briefs.

16. Closing of Hearing

The arbitrator shall ask whether the parties have any further proofs to offer or witnesses to be heard. Upon receiving negative replies, or if satisfied that the record is complete, the arbitrator shall declare the hearing closed and the minutes thereof shall be recorded.

17. Reopening of Hearing

The hearing may be reopened on the arbitrator's initiative, or upon application of a party, at any time before the award is made. The arbitrator may reopen the hearing and shall have fourteen (14) days from the closing of the reopened hearing within which to make an award.

18. Waiver of Procedures

Any party who proceeds with the arbitration after knowledge that any provision or requirement of these procedures has not been complied with, and who fails to state objections thereto in writing, shall be deemed to have waived the right to object.

19. Time of Award

The award shall be made promptly by the arbitrator unless otherwise agreed by the parties or specified by law. The arbitrator shall be instructed to make the award within thirty (30) days of the hearing or as soon as possible thereafter.

20. Award

A. Form. The award shall be in writing and shall be signed by the arbitrator. If either party requests, the arbitrator shall issue an opinion in writing, which shall set forth in summary form the reasons for the arbitrator's determination. All awards shall be executed in the manner required by law.

B. Scope of Relief. The arbitrator shall be governed by the rule of law of the state where the employee worked as well as taking note of applicable Federal law as submitted by the parties and shall be bound by Travelers Group policies and procedures. Furthermore, the arbitrator shall have no authority to alter or otherwise modify the parties' at will relationship or substitute his or her judgment for the lawful business judgment of the Travelers Group management. The arbitrator shall have the power to award, in appropriate circumstances, money damages in an amount sufficient to compensate the aggrieved party for such direct injury as the arbitrator determines such party has suffered. The arbitrator shall have the authority to order reinstatement of employment

to a former employee only if money damages are insufficient as a remedy. Unless expressly provided for by applicable statute, the arbitrator shall not have the authority to award punitive damages, attorney's fees or injunctive relief of any nature. The arbitrator shall not have the authority to make any award that is arbitrary and capricious or to award to Travelers Group the costs of the arbitration that it is otherwise required to bear under this Policy.

21. Delivery of Award to Parties

Parties shall accept as legal delivery of the award the placing of the award or a true copy thereof in the mail, addressed to a party or its representative at the last known address via certified mail, return receipt; personal service of the award; or the filing of the award in any manner that is permitted by law.

22. Enforcement

The decision of the arbitrator may be enforced under the terms of the Federal Arbitration Act (Title 9 U.S.C.) and/or under the law of any state. If the decision is not completely enforceable, final and binding, it shall be enforced and binding on both parties to the extent permitted by law. Even if a part of this procedure is held to be void or unenforceable, the remainder of the procedure will be enforceable and any part may be severed from the remainder, as appropriate.

23. Judicial Proceedings and Exclusion of Liability

A. Neither the AAA nor any arbitrator in a proceeding under these procedures is a necessary party in judicial proceedings relating to the arbitration.

B. Parties to these procedures shall be deemed to have consented that judgment upon the arbitration award may be entered in any federal or state court having jurisdiction thereof.

24. Expenses

In order to make these arbitration procedures available to all employees, Travelers Group or its affiliate shall pay 100 percent in excess of fifty dollars (\$50) of any administrative fee required by the AAA for those employees whose total compensation for the previous calendar year was \$150,000 or less (or former employees whose total compensation for the last calendar year they were a Travelers Group employee was \$150,000 or less.) The expenses of witnesses for either side shall be paid by the party requiring the presence of such witnesses. Each side shall pay its own legal fees and expenses. All other expenses (except Postponement Fees or Additional Hearing Fees) of the arbitration, such as required travel and other expenses of the arbitrator (including any witness produced at the direction of the arbitrator), and the expenses of a representative of AAA, if any, shall be paid completely by Travelers Group and affiliates. If the arbitration proceeding continues more than one day, the incremental expenses of the additional days shall be borne equally by the parties. This allocation of expenses may not be disturbed by the arbitration award.

25. Serving of Notice

Any parties, notices, or process necessary or proper for the initiation or continuation of an arbitration under these procedures; for any court action in connection therewith; or for the entry of judgment on an award made under these procedures may be served on a party by mail addressed to the party or its representative at the last known address or by personal service, in or outside the state where the arbitration is to be held, provided that reasonable opportunity to be heard with regard thereto has been granted to the party. The AAA and the parties may also use facsimile transmission, telex, telegram, or other written forms of electronic communication to give the notices required by these procedures, provided that such notice is confirmed by telephone or subsequent mailing to all affected parties.

26. Time Period for Arbitration

Any proceeding under this procedure must be brought within one year of the act or omission giving rise to the controversy. This time period may be extended, however, by any circumstance that would otherwise toll the applicable statute of limitations, but in no event shall the time for initiating an arbitration be extended beyond two years.

27. Amendment or Termination of Arbitration Policy

From time to time the Policy may be amended. Such amendments may be made by publishing them in the Employee Handbook or by a separate release to employees.

28. Interpretation and Application of Procedure

The arbitrator shall interpret and apply these procedures insofar as they relate to the arbitrator's powers and duties. All other procedures shall be interpreted and applied by the AAA.

EXHIBIT D

■ **About the Parent Company**

Travelers Group is a Fortune 50 diversified financial services company which consists of three primary business segments:

- **Insurance Services**, which includes Travelers/Aetna Property Casualty Corp., a Hartford, CT based multi-line insurance company, one of the nation's most identifiable and oldest insurers. Our other important insurance operations include Primerica Financial Services in Atlanta; National Benefit Life Insurance Company in New York; American Health and Life Insurance Company based in Fort Worth; and Gulf Insurance, a Dallas-based specialty lines insurance company.
- **Investment Services**, which consists of Smith Barney, headquartered in New York, provides brokerage, investment banking and asset management services to corporations, governments and individuals worldwide.
- **Consumer Financial Services** which offer a variety of consumer loan products through Baltimore-based Commercial Credit and its network of more than 800 offices across the country, as well as Travelers Bank, a credit card issuer in Delaware.

How You Can Contribute to Our Success: To reach our goal of being the finest financial services company, we all have to work together, constantly looking for ways to do our jobs better and more efficiently. Naturally, we hope you will be an active participant in that process, and that you will contribute significantly to the Travelers family. To that end, we expect that you will:

- Strive for superior performance in order to increase shareholder value.
- Continually search for ways to increase your contributions toward achieving the Company's goals.
- Develop the skills and knowledge you need for your present job and for future growth with Travelers Group.
- Accept responsibility for everything you do and for which you are accountable.
- Promote a positive image for Travelers Group whenever you deal with customers, the community at large, and your fellow employees.
- Cooperate with your co-workers to achieve the Company's goals with maximum efficiency.
- Abide by, and support, all Travelers Group policies.
- Communicate effectively and openly with co-workers at all levels.

■ **Principles of Employment**

As you consider our offer to become an employee of the Travelers/Aetna Property Casualty Corp., a member of Travelers Group Inc., there are certain matters which we want to clarify. First, you must observe the policies which we publish from time to time for employees. These include a requirement that you maintain the highest standards of conduct and act within the highest ethical principles. You must not do anything which may be a conflict of interest with your responsibilities as an

employee. These expectations are included in this Employee Handbook, Travelers Group Statement of Business Practices, Travelers Group Dispute Resolution Procedure, and Travelers Group Employment Arbitration Policy, all of which are enclosed for your reference in the Appendix. Remember - it is your responsibility to read and understand these policies and expectations. If you have any questions, now or in the future, please ask.

Second, you must never use (except when necessary in your employment with us) nor disclose to anyone not affiliated with Travelers Group Inc., or its affiliates, any confidential or unpublished information you obtain as a result of your employment with us. This applies both while you are employed with us and after that employment ends. If you leave our employ, you may not retain or take with you any writing or other record which relates to the above.

Third, your employment with us requires your full attention. Any invention, development or improvement made by you during the time you are employed by us which pertains to our business belongs to us and you agree to assign any interest you have in these things to us upon our request.

Fourth, you agree to follow our dispute resolution/arbitration procedures for employment disputes. While we hope that disputes with our employees will never arise, we want them resolved promptly if they do arise. These procedures include all employment disputes (including termination of employment) that you might have with Travelers Group Inc. These include, but are not limited to, all claims, demands or actions under Title VII of the Civil Rights Act of 1964, Civil Rights Act of 1866, Civil Rights Act of 1991, the Age Discrimination in Employment Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act, the Employee Retirement Income Security Act of 1974, and all amendments to the aforementioned, any other federal, state or local statute or regulation regarding employment, discrimination in employment, the terms and conditions of employment, or the termination of employment, and the common law of any state. These procedures do not preclude us from taking disciplinary actions (including terminations) at any time, but if you dispute those actions, we both agree that the disagreement will be resolved through this process. Our procedures are divided into two parts. First, an internal dispute procedure, the "Dispute Resolution Procedure," which allows you to seek review of any decision regarding your employment or termination of your employment which you think is unfair. Second, in the unusual situation when this procedure does not fully resolve an employment related dispute, and the dispute is based upon legally protected rights, you and we agree to waive any applicable statute of limitations and to submit the dispute, within one year of the date it arose, to binding arbitration before the arbitration facilities of the American Arbitration Association ("AAA") in accordance with the arbitration rules of that body then in effect and as supplemented by Travelers Group Employment Arbitration Policy. A detailed description of these procedures is enclosed for your review. Again, it is your responsibility to read and understand the dispute resolution/arbitration procedures. If you have any questions, now or in the future, please ask.

Fifth, nothing herein constitutes a contract of employment for a definite period of time. The employment relationship is "at-will" which affords either party the right to

terminate the relationship at any time for any reason or no reason not otherwise prohibited by applicable law. Travelers Group retains the right to decrease an employee's compensation and/or benefits, transfer or demote an employee, or otherwise change the terms or conditions of any employee's employment with the Company.

We believe these matters are important, to you as an employee and to us as an employer. Your acceptance of our job offer is your acceptance of the aforementioned provisions.